(c) what are the recommendations which have been accepted by Government ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) and (c) The Task Force constituted by the RBI to study the existing Foreign Exchange Regulation Act and to make recommendations regarding the new approach to the Foreign Exchange legislation has made various recommendations for exchanges in the existing regulations in the Act. The Task Force has, however not specifically recommended free export of foreign exchange from India. However, a comprehensive review of FERA is currently being undertaken and further changes may be considered.

Concessional Aid from Foreign Countries

958. SHRI KRISHNA KUMAR BIRLA : Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to the newsitem published in Statesman dated 16th October, 1994 under the caption "Concern over fall in aid to India";

(b) if so, whether Government is now not getting concessional aid from the foreign countries ;

(c) if so, the reasons therefor ;

(d) whether it will have any impact on the economy of the country; and

(e) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) Yes, Sir.

(b) Government of India continues to receive concessional aid from foreign countries and multilateral institutions.

(c) to (e) Do not arise.

Changes in Fera suggested by PHDCCI

959. SHRI KRISHNA KUMAR BIRLA : Will the Minister of FINANCE be pleased to state :

(a) whether the PHD Chamber of Commerce and Industry has further advocated changes in the FERA;

(b) if so, the details of the changes suggested by PHDCCI; and

(c) the reaction of Government in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) No, Sir.

(b) and (c) Do not arise.

Penalty Imposed on Banks

960. DR. BIPLAB DASGUPTA: Will the Minister of FINANCE be pleased to state :

(a) how many of the twenty banks, Indian and Foreign, paid up the penalty imposed upon them by the apex bank for their part in the 1992 Security Scam bank-wise dedetails thereof; and

(b) whether this constitutes the final action against the erring banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) and (b) Reserve Bank of India have reported that they had issued show cause notices on 21 banks for irregularities in securities transactions imposing penalty of about Rs. 145.04

crores. The names of these 21 banks are given bleow :

1. Citibank
2. Standard Chartered Bank
3. Hongkong Bank
4. Bank of America
5. American Express Bank
6. ANZ Grindlays Bank
7. Banque indo Suez
8. Deutsche Bank
9. British Bank of the Middle East
10. State Bank of India
11. Vijaya Bank
12. Syndicate Bank
13. State Bank of Hyderabad
14. Central Bank of India
15. Corporation Bank
16. UCO Bank
17. State Bank of Saurashtra
18. Vysya Bank Ltd.
19. Federal Bank Ltd.
20. Karur Vysya Bank Ltd.
21. Bank of Madura Ltd.

RBI has already received the payment from banks totalling Rs. 144.97 crores and the balance amount of Re. 7 lacs is payable by Corporation Bank.

Besides the above penalty, RBI had withdrawn exemption given to 37 banks including the above 21 banks, from maintenance of 10% incremental Cash Reserve Ratio (CRR) for their lapses in observance of regulatory framework relating to securities transacations for varying periods as might be determined by RBI from time to time.

According to RBI, no further penal action may have to be taken against the banks but, RBI has the right to impose penalty or to take other action as may be necessary under law against any of the erring banks in case any further violation come to light.

Appointment of Senior Officer to Inspect Security Transactions

961. SHRI DIPANKAR MUKHERJEE :
SHRI NILOTPAL BASU
SHRI GURUDAS DAS GUPTA :
SHRI N. GIRI PRASAD:

Will the Minister of FINANCE be pleased to state :

(a) whether Reserve Bank of India/Government of India had appointed some senior IAS Officers (serving or retired) to inspect the securities transactions in some Banks or Mutual funds or Finance Companies floated by the Banks with a view to finding out irregularities in securities transactions/portfolio management;

(b) whether such officers have since submitted their reports to Reserve Bank of India;

(c) if so, wherher such report contain specific charges of ommission/ Cammission / negligence / corroborations/collusions etc. against top executives of the Banks and if so, what action has been initiated by RBI/ Government of India against those executives;

(d) the names of such executives and their Banks; and

(e) whether the aforesaid report will be tabled in the Parliament ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) to (e) RBI had appointed retired IAS Officers as Special Officers in the following 8 major scam affected Banks and Subsidiaries for fixing accountability of the top management for the irregularities in securities transactions :—

(1) Andhra Bank and Andhra Bank Financial Services Limited.